

So that's the last point I would like to make. We need a little humility here. What we really need to be struggling for is not all the answers, but a unifying vision that makes the most of all these wonders and relishes all this diversity which makes life more interesting, but proceeds on the fundamental fact that the most important thing is what it has always been: our common humanity, which imposes on us certain responsibilities about how we live, how we treat others who are less fortunate, how we empower everyone to have a chance to live up to his or her God-given potential.

If you ask me one thing we could do, it would not be all the modern ideas. If I had to leave tonight and never have another thing to say about public life, I would say if we could find a way to enshrine a reverence for our common humanity, the rest would work out just fine.

Thank you very much.

NOTE: The President spoke at 10:43 p.m. in an outdoor tent at the Villa La Pietra. In his remarks, he referred to Oliva L. Jay, president, New York University; Norman Dorsen, professor, and John Sexton, dean, New York University School of Law; Prime Minister Massimo D'Alema of Italy and his wife, Linda; Romano Prodi, President, European Union; Chancellor Gerhard Schroeder of Germany; President Fernando Cardoso of Brazil; Prime Minister Tony Blair of the United Kingdom and his wife, Cherie; Vinton G. Cerf, senior vice president for Internet architecture and technology, MCI WorldCom; and Eric Lander, director, Whitehead, Institute/MIT Center for Genome Research.

Remarks at Morning Session One of the Conference on Progressive Governance for the 21st Century in Florence

November 21, 1999

Well, first of all, let me say that I think, Prime Minister D'Alema, the morning session is well-named. We are concerned about equality and opportunity in the new economy.

Let us begin with the proposition that the new economy is powered by a revolution in technology, especially in information and telecommunications, and exponentially en-

hanced by the growing global trade. The new economy does best in a highly entrepreneurial environment where people with new ideas have access to capital and low barriers to establishing a growing business. More than in any previous time of economic expansion, job growth is disproportionately higher in the private, as opposed to the public, sector.

Now the good news is that there is an extraordinary potential for the growth of jobs, businesses, and wealth. We have in the United States been blessed, for example, with a stock market that has more than tripled in the last 7 years. But this is not free of challenges, both within and among nations.

Even though, for example, in our country we have the lowest poverty rate in 20 years, and the lowest poverty rate among households headed by single parents, principally women, in over 40 years, we know that there are the following problems with the new economy if you just have a laissez-faire policy.

Number one, the skill gap among people with high levels of education and low levels will lead to even more dramatic income inequality.

Number two, in a highly volatile environment where lots of jobs are being created and lots of jobs are being lost, it requires a special attention to the transition assistance needed to give people the skills and other support they need to move from one job to another.

Number three, there will be people and places that are completely left behind; I mentioned this in my remarks last night. The United States has the lowest unemployment rate we've had in 30 years, but if you look at some of our inner-city neighborhoods, the remote mountain places in Appalachia, for example, the Mississippi Delta, the Native America, the American Indian reservations, you find unemployment rates anywhere from 3 to 12 times the national average.

So if you wish to promote equality and opportunity, there must be a strategy, first, to close the skills gap, which means that there's a role for Government here. We have to spend more money, not less, than ever before on education. It needs to start sooner; it needs to last for a lifetime. And it needs to

be focused much more rigorously on results, so that it's not just a question of spending money, but you're actually getting a higher return for the money that's being spent. Number two, there needs to be a system of lifetime learning for people in transition. You have people at the age of 50 changing jobs now. They can still do quite well, but they have to have help and support. Number three, there needs to be a system for getting capital to those people and places that are left behind.

Let me just give you an example. One of the big debates we're having in America now is how long we can keep this economic expansion going. It is already the longest peacetime expansion in our history. In February, it will be the longest economic expansion in American history, including World War II. I believe that this is happening—I'd like to tell you it's because of my policies—I believe it's happening because we have underestimated the productivity gains of technology and underestimated the power of open borders and open trade to restrain inflation, which permits these economic expansions to go on if you have good policies.

Now how can we continue to grow the economy? You can bring investment to the places that are left behind. So I have before the United States Congress, now, a proposal essentially to set up the equivalent in America of our Export-Import Bank and our Overseas Private Investment Corporation to give American investors the same incentives to invest in the poorest areas in America we give them to invest in the poorest areas of Latin America or Africa, not to take away the foreign incentives but to mirror them in the very poor areas of our country. I think this is something that all advanced countries should look at.

Finally, let me say there is a big problem with the so-called digital divide. The people who have access to the Internet and technology have enormous advantages, and it has to be closed. We are now hooking up all of our classrooms to the Internet, and we should finish next year. But I think we should shoot for a goal in the developing countries, the developed countries, of having Internet access as complete as telephone access with-

in a fixed number of years. It will do as much as anything else to reduce income inequality.

Last point I want to make: There are not just problems in this economy dealing with equality and opportunity; there are opportunities, too, and let me just mention two.

Number one, technology has permitted us to say, for the first time since the industrial revolution, it is no longer necessary to grow an economy to burn more greenhouse gases to burn up the atmosphere. It is now possible to grow an economy and actually use less greenhouse gases and put less strain on the economy. That opens up the opportunity not only to save the environment but to create literally millions of new jobs around the world.

Number two, the Internet itself offers opportunities for people who don't have access to traditional jobs to make money. There is an American company that perhaps some of you have used, called eBay, and it's basically a place on the Internet where you can buy anything. It's like a great international market on the Internet. There are now over 20,000 people, including a lot of people who are on welfare, who are making a living on eBay—making a living on eBay.

So there are opportunities as well as problems in this economy. We should not be depressed about it. We should just realize that governance requires new policies.

Mr. Prime Minister, you asked us to talk about the domestic issues first, and there are a whole lot of global issues I'd like to deal with, but this is what I would like to say about the domestic issues. We have to deal with more investment in education, more investment in transition aid, a strategy to get capital to people in places left behind, a strategy to close the digital divide. And we have to make the most of the new technologies, especially in the environmental areas, and the new opportunities for isolated people and places to make money because of the Internet, not in spite of it.

Thank you.

NOTE: The President spoke at 10:45 a.m. in the Room of Five Hundred at the Palazzo Vecchio. In his remarks, he referred to Prime Minister Massimo D'Alema of Italy. A tape was not available for verification of the content of these remarks.

**Remarks at Afternoon Session One
of the Conference on Progressive
Governance for the 21st Century in
Florence**

November 21, 1999

So many wise things have been said, I feel ill equipped to compete with lunch. But I would like to very briefly, and in summary fashion, address two subjects which we have discussed: first, how we are dealing with this new economy among ourselves. I agree with what Lionel Jospin said. We are here because we affirm the importance of the nation-state as necessary to provide the conditions of community and humanity in this very different world. The question is what Tony Blair always says—we have to do to what works. We have to do something that enables us to fulfill our traditional mission in a very different world.

Now, let me just make a couple of very specific suggestions for where our work might go. I don't think we have studied enough what each other has done and how it might relate to our own experience. For example, in the countries here represented, taking Brazil to the side a moment—just let's take the EU and the U.S. and Canada. We all take somewhere between 30 percent and 45 percent of national income for government purposes. But we spend this money in very different ways.

Now, we know that if you look at France and Germany, you can achieve quite a high level of growth with GP expenditures in the public sector above 40 percent. You can still have high growth. But we haven't looked enough—the right will say, “Well, the more you spend, the worse it is.” What we should do is analyze how this money is spent. I would like to know, for example, more than I know about how the unemployment support system in Germany differs from the unemployment support system in France or Britain. I think these things would help us a lot.

We're sitting here in this wonderful medieval building, built in the late 13th, early 14th century. I would like to know why northern Italy has the highest per capita income in Europe and whether it has anything to do with the combination of creativity and

cooperation in business that is rooted in the medieval guilds that flourished in Florence hundreds of years ago and that are replicated now in many of the business practices here.

We don't know enough about what is actually going on in our own countries and how it compares with other countries to make the best decisions about what the way forward is. And I think we ought to make sure that when we leave here, we have a strategy of finding that out.

Now, let's go to the global issues and the issues represented here by Brazil. And I would like to talk very briefly about, one, international institutions; two, what the emerging economies, themselves, have to do; and three, what the rich countries ought to be doing.

First, on the international institutions, I completely agree that the IMF, the World Bank, the multilateral development banks were inadequate to the financial crisis of the 1990's, and particularly the Asian financial crisis—which collapsed Russia as well—and which have terrible effects on totally innocent bystanders, especially in Latin America and particularly Brazil.

Now, what caused this? Number one, as Tony Blair pointed out, you can't run a modern economy without a global financial system that moves money around—a lot of money in a hurry. The volume of currency trades every day is roughly 15 times the volume of trade and goods and services—over \$1 trillion every day. We have to do that. The system won't work without it.

Now, what caused the problem? A lot of loans were made which should not have been made because there was not an honest system of risk assessment. And then, when those loans went bad, two things happened. One, market panic—so it's like the old phenomenon of, once a cat gets burned sitting on a hot stove, it won't sit on a cold stove, either. So if we lost money in a developing economy in Russia, or in Asia, then we better take our money out of central Europe and Latin America.

The second thing that happened, which has been less analyzed, is that a lot of these loans were highly leveraged, through derivatives and other mechanisms, so that people who lost their money in Russia, let's say, had